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Remarks on the Energy Problem  
December 8, 1974  
The Trilateral Commission

When Japan was jolted by the sudden impact of the oil crisis in the wake of the 1973 Middle East War, some likened the Japanese position to that of passengers in <sup>a</sup> highjacked plane. We were seriously affected by a development totally out of our control. We watched almost helplessly as this series of events took place. Such a sense of helplessness and frustration still persists and prevails among the Japanese people.

There is no doubt that the sudden price increase of oil has severely affected the Japanese economy. The degree of sense of crisis among the Japanese leadership and public alike might be beyond the comprehension of our American or probably even European friends. Our basic posture in this situation, therefore, is to seek dialogue with oil-producing countries instead of confrontation, with a hope for possible reduction of the oil price. I understand that a fairly optimistic note has been struck by some of our American friends to the effect that the present economic system can withstand such a high price of oil, and economic growth can be maintained even with the present level of price. I do not believe the Japanese in general can afford to say that the current high price of oil is a foregone conclusion and that there is no way of bringing it down. We feel that we should continue our efforts to lower the oil price by creating the objective con-

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ditions necessary. Further price increases through indexation, which will bring about further inflation and set a precedent for the pricing of other raw materials, would put an almost unbearable burden on the Japanese economy as well as on our socio-political system. The slightest hint of another outbreak of war in the Middle East brings a nightmarish shudder to the Japanese people. We are looking to American good offices in avoidance of such a calamity.

As I have already suggested, basically we seek conciliation and dialogue with the oil-producing countries. It is a mistake on the part of oil-consuming nations to gang-up against OPEC countries. Nevertheless, it is vital for the oil-consuming nations to establish good communication and coordination among ourselves for improvement of the situation. In this sense, establishment of the International Energy Agency and the International Energy Program is a most welcome development, and we do hope that it can prove to be an effective vehicle for our cooperation. I very much hope that our French friends will participate in such efforts and work with us for our mutual benefit.

Whatever efforts we will be engaged in, it will take some time before a semblance of settlement of oil crisis will be achieved. In the meantime, some recycling mechanism should be created in order to alleviate the burdens of resource-poor developing nations as well as industrialized nations suffering from acute balance-of-payments problems. I do not have any serious reservations against creation of

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a new mechanism for recycling backed by sufficient international guarantees, but it seems to me that a more realistic approach would be to make effective use of existing international institutions. I have some doubts about the practicality of seeking 50% participation of the OPEC nations in establishment of a new mechanism to rescue industrialized nations afflicted by balance-of-payments problems. I believe a basic meeting of minds should precede such a high degree of collaboration with the producers. In this context, it will be essential for us, the Trilateral nations, to undertake more sincere and concerted efforts for development of the economies of the OPEC nations.

With regard to easing the serious burdens of many developing countries without oil resources, I believe that the oil-producers should carry major responsibility, although the Trilateral countries should at least maintain the real value of their existing aid levels. The interim report of the Trilateral Task Force on Relations with Developing Countries gives us a useful suggestion in this respect.